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FAR EAST

1. Rhee reported planning purge of opposition in South Korean army:

[redacted] President Rhee has ordered his Provost Marshal General Command to arrange for the arrest of certain army officers early in 1955 on charges of plotting a coup, according to a report received through a usually reliable Far East Command source. Rhee's decision is believed related to the confession of a former army major that a secret "military section" of about 160 army officers existed within the opposition Democratic Nationalist Party.

Opposition political leaders, including former assembly speaker Sin Ik-hui and former prime minister Chang Taek-sang, will be arrested concurrently with the move against the army.

Comment: Rhee has become alarmed by recent unprecedented criticism, not only in political circles, but at high levels in the army.

[redacted]

Other reports suggest that one of Rhee's main efforts in 1955 will be to tighten his control in the army. As he has weakened the authority of the legislature, and has firm control of the police, Rhee may feel that the military now represents the greatest potential threat to his authority.

[redacted]

2. Comment on Chinese agreement to restore Viet Minh communications:

[redacted] The Sino-Viet Minh agreement for restoration of communications and water conservancy works in North Vietnam, announced by Radio Peiping on 28 December, is the first major aid program

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to the Viet Minh announced by any Orbit country. Such assistance is urgently needed in the economic development of North Vietnam and will eventually strengthen the Communist potential in southern Asia.

According to the agreement, Communist China will provide the Viet Minh with the necessary equipment and technicians to help restore railways, postal and telecommunications systems, highways, and water conservancy, and to develop civil air and meteorological services. The Chinese promise to supply locomotives and railroad cars suggests that at least part of the Viet Minh rail lines will be standard gauge like the Chinese rail network instead of the meter gauge formerly used in Indochina.

While the aid is not stated to be gratuitous, there is no statement of provision for repayment by the Viet Minh. Peiping is known to be willing to incur large costs to support the economies of Far Eastern Communist regimes. It is providing about half of the more than \$600,000,000 Orbit reconstruction aid to North Korea, whose requirements are far greater than those of North Vietnam.


Further economic aid from China and other Orbit countries is expected, with China retaining the dominant role in North Vietnam's economic development. A Polish technical mission is already in Communist Vietnam.
(CONFIDENTIAL--Concurred in by ORR)

SOUTHEAST ASIA

3.



4. Serious economic conditions in northeast Thailand reported:

 Seriously depressed economic conditions in northeast Thailand are ready-made for Communist exploitation, the American embassy in Bangkok reports. According to information received from members of parliament from that part of Thailand, there are starvation conditions in large sections of the area, where this year's rice crops are, in certain instances, less than 25 percent of normal.

Comment: The northeast, with about one third of Thailand's population, is chronically depressed relative to the rest of the country and has long been neglected by the central government. It has been the locus of several abortive separatist plots and is considered by most observers to be the area of Thailand most vulnerable to Communist penetration.

Adverse weather is responsible for the failures of crops, which are poor even in good years. The Thai government is taking belated steps to alleviate conditions, but judging from past performance is unlikely to act either with sufficient speed or efficiency.

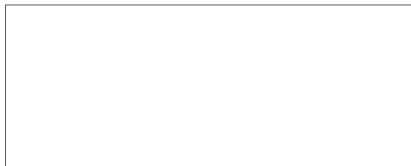
NEAR EAST - AFRICA

5.



WESTERN EUROPE

6. Soviet officials in Germany avoid negotiations on extending interzonal waterways agreement:



Allied officials in West Berlin are concerned over the refusal thus far of Soviet authorities in East Germany to agree to negotiations on extending the interzonal waterways agreement which expires on 31 December. The British,

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who are acting for the Allies and the Federal Republic in this matter, have made repeated requests for negotiations since 2 November. Attempts to call a meeting have been evaded by Soviet pleas of "technical delays."

The present agreement governs barge traffic between East Germany and the Federal Republic, including East German traffic through West Berlin, as well as traffic between Berlin and the Federal Republic. Since 1951 the agreement has been extended annually by a simple protocol between the Soviet representatives and the British.

Comment: The USSR may have decided not to renew the agreement and may be planning minor harassments of barge traffic--a major means of freight transportation--as a part of its campaigns for international recognition of the East German government and against the Paris accords.

The Communists will probably not take steps to halt Western barge traffic completely because of the possibility of costly retaliation in the form of Western denial of East German use of West Berlin canals.